
Media Release



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SOUTHWEST U.S. & MEXICO EXPLORE STRATEGIES AS A GLOBAL GATEWAY REGION TO COMPETE IN THE WORLD ECONOMY

El Centro, Calif. – Nearly 100 elected officials, business leaders and transportation experts from Southern California, Arizona and Mexico convened recently for the Southwest Compact hearing, hosted by the Southern California Association of Governments (SCAG). The hearing was intended to foster greater cross-border cooperation and create a stronger trading bloc by identifying joint transportation infrastructure improvements and economic development opportunities. The hearing began with a tour of the industrial facilities (*maquiladores*) in Mexicali, Mexico, before convening in Imperial County, considered to be a key crossroads for industrial trade.

“Due to increased global trade, Mexico has become an integral part of the economic development of Southern California and the nation,” stated Victor Carrillo, Imperial County Supervisor and SCAG Regional Councilmember.

The Southwest Compact represents a natural extension of recent efforts to bolster goods movement in Southern California and neighboring areas. By identifying priority infrastructure improvements and forging economic links among leaders in the U.S. (California, Arizona, New Mexico, Texas) and in six Mexican states (Baja California, Sonora, Chihuahua, Coahuila, Nuevo Leon, Tamaulipas), the Southwest Compact would foster a ‘mega region’ with the size, diversity, industrial strength and geographic advantages to be a competitive force internationally. The Southwest gateway forms a unique international trade region, receiving the majority of imports from the Pacific Rim for the entire United States. The Los Angeles and Long Beach port complex is already the fifth largest in the world, and the amount of cargo arriving from the Pacific Rim is expected to triple at the region’s ports by 2030.

“Our intent is to build momentum around the notion of a mega-region based on collaboration among the border states to identify common economic objectives and develop effective trade corridors,” said Toni Young, councilmember of Port Hueneme and president of SCAG. “Through this hearing, elected and business leaders in the border states are laying the foundation to transform this region into a true economic powerhouse.”

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New economic and population projections indicate that growth in the United States will occur in nine emerging global gateway regions, positioned to compete in the global economy. By 2050, 70% of the U.S. population and 80% of all economic growth is projected to reside in these “mega-regions.” Emerging global gateway regions in Europe and Asia, such as *Beseto* (Beijing-Seoul-Tokyo), are leading to increased global competition. Mark Pisano, Executive Director of SCAG, addressed conference attendees about strategies to best position the Southwest region to compete in the global economy while preserving air quality, housing availability and other quality of life indicators. The logistics industry, now employing one out of twelve people in Southern California, was presented as a key economic engine to take advantage of the high trade volume in the region. While the cost of truck and rail improvements to support the logistics industry is estimated at \$36 billion, there are indications that those costs would be offset by dramatic reductions in high-cost inventory storage as well as improved mobility and productivity for consumers and businesses. One specific improvement mentioned at the hearing was a regional bypass from Mexico to California, possibly utilizing Route 86. Pisano suggested that transportation infrastructure could be financed through such measures as public-private partnerships or changes to zoning and land use.

“There are overwhelming efficiencies in global economies, including streamlining transportation, increased productivity, encouraging cost-sharing measures, and sustainable planning for population growth,” stated Mark Pisano. “Establishing a trade bloc with Mexico and a seamless logistics industry will best position our region to compete with Europe and Asia.”

“We have managed to define clearly our interest in productivity and a high amount of resources and academic prestige. We will be a model for cooperation in planning for the whole world,” stated Hon. Samuel Enrique Ramos Flores, Mayor of Mexicali, Baja California.

Other conference participants included Rosario Marin, Board Officer from the office of Governor Schwarzenegger; Cheryl Walker, El Centro Mayor; Jon Edney, El Centro Councilmember and SCAG Regional Councilmember; Debbie Cook, Huntington Beach Councilmember and SCAG Regional Councilmember; Oscar Ringenbach Sanabria, Mexico Deputy Director for Analysis of Intermodal Projects; and Tim Kelley, president of Imperial Valley Economic Development Corporation.

For more information about the Southwest Compact hearing or to schedule interviews with conference panelists, please call Don Rhodes at 213/236-1840 or Dan Witzling at 323/466-3445.